

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – APRIL 27, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. Guests: Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse.

EXCUSED: Craig Bulkley, Bureau Chief of Administrative Services.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports:

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending April 24, 2005 for the weekly comparison were up \$361,731 or just under 6%. For the year, sales increased by \$18,363,683 or just a little over 6%.

B. Budget/Administrative Reports:

The W-6 Expense Budget Activity Variance Report for the period ending April 26, 2005 shows the year to be at around 82% expired, with about 77% of the budget expended. Accounts in deficit right now are utilities and benefits. A transfer into the utility account was approved by Fiscal Committee last week and, hopefully, will be approved by Governor and Council at their meeting next week. There have also been some problems with in-state travel; a request will be made to transfer monies into that account.

The summary of inventory adjustments looks very good, with bottle adjustments down over 10%. The stores did an excellent job, and it is hoped this trend will continue.

The bill proposing the move of Public Works to Administrative Services is currently before the Senate.

2. IT Report: No report presented.

3. Human Resources Report: No report presented.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 4/24/05 increased by \$427,971.77 or 9.19%. Store #28 Seabrook Beach is doing very well so far.

Peter reported that there have been some water issues at the new Keene location which are being worked on for resolution. Everything is on track for the new Center Harbor store. However, the entrance won't be installed until the latter part of next week. Negotiations continue for a possible new location for Gilford. It will be about 60 days before the Commission receives any news.

The summer program meeting will be held on Tuesday, May 10th from 10:30 a.m. to 1:00 p.m. at The Yard restaurant in Manchester.

2. Purchasing Report: No report presented.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Stoli Elit):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA, for a new test market listing for Stoli Elit, 750ML size (assigned new Code #3578), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Sauza RTD Strawberry Margarita):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA, for a new test market product listing for Sauza RTD Strawberry Margarita, 1.75L size (assigned new Code #3770), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Polar Ice Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Corby Distilleries LTD, for a new test market product listing for Polar Ice Vodka, 1.75L size (assigned new Code #3503), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Macallan Fine Oak Single Malt):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Remy Amerique for a new test market product listing for Macallan Fine Oak 10-Year Old Single Malt, 750ML size (assigned new Code #2522), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Request (Highland Park Single Malt):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Remy Amerique, for a new test market product listing for Highland Park 18-Year Old Single Malt, 750ML size (assigned new Code #2882), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Test Market Request (UV Blue Raspberry Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Phillips Distilling Co., for a new test market product listing for UV Blue Raspberry Vodka, 1.75L size (assigned new Code #3464), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Test Market Request (Zuidam Dry Gin):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti

Companies of N.H./Zuidam Co., for a new test market product listing for Zuidam Dry Gin, 750ML size (assigned new Code #2383), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

h. Test Market Request (Van Gogh Apple, Melon & Chocolate):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Dirkzwger Distillers, for new test market product listings for Van Gogh Apple Liqueur (assigned new Code #6191), Van Gogh Melon Liqueur, (assigned new Code #133) and Van Gogh Chocolate Liqueur (assigned new Code #165), 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

i. Test Market Request (Union Whiskey, Vanilla & Cherry):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Phillips Products Co., for new test market product listings for Union Whiskey (assigned new Code #1693), Union Cherry Whiskey (assigned new Code #1695) and Union Vanilla Whiskey (assigned new Code #1697), 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

j. Test Market Result (Codes #3972, #3576, #2629 & #2955):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist Code #3972, Tortilla Silver Tequila, 1.75L size and Code #2955, Vat 69 Scotch, 750ML size, as each item failed to achieve their respective gross profits required for both full distribution and specialty item consideration at the conclusion of a six-month test market period, and grant specialty listings for Code #3576, Skyy Orange Vodka, 750ML size and Code #2629, Rob Roy Scotch, 1.75L size, as both items achieved their respective gross profits required for specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Allen's Coffee Brandy, 375ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from M.S. Walker, Inc. for a line extension for Allens Coffee Brandy, 375ML size, as this brand in both the 1.75L and 750ML sizes earned their respective 12-month gross profits required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Swap Request (Citadelle Gin, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from M.S. Walker, Inc. to swap Code #3481, Citadelle Gin, 750ML size for Citadelle Gin in the 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) June Special Offers:

a. 1 item – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage Company, based upon a special purchase allowance for one (1) spirit item, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Tabled Item:

a. Revised June Offers (tabled 4/20/05, Item 4-c):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and approve special offers from United Beverages, Inc., based upon special purchase allowances for seven (7) spirit items, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for June 2005:

a. 4 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions for four (4) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 12 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for twelve (12) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) In Store Tastings (Twin Fin):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve in-store tastings to accompany the introduction of Twin Fin wines from M.S. Walker, Inc., to take place on May 5, 12 and 26, 2005 at selected store locations, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) United Summer White Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc. to conduct a Summer White Sale featuring six (6) white wines during June, July and August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Purchase & Display Mazzocco Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that an offer from Wineberries, Ltd. for the Commission to purchase and display Mazzocco wines during the months of June and July 2005 be tabled pending receipt of further information about the products. The motion was unanimously adopted.

5) Kobrand Italian Offer:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Kobrand Corporation for the Commission to order Italian wines to arrive in late 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended for Second Size (Code #42014):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a second size listing for Chardonnay Concha Y Toro Frontera, 750ML size (assigned Code #42014), to be distributed to twenty retail stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended Allocated Wines for Distribution to Selected Stores (17 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve seventeen (17) allocated wine codes for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Not Recommended – Wine Allocation (Code #33028):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny the listing of Code #33028 as an allocated wine, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 9) “R” Wines for Allocation to Licensees and Retail Distribution (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) restricted wine code for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 10) Primary Source Submissions (10 primary source; 16 exclusive agent; 24 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of ten (10) wine codes which are from primary source, sixteen (16) wine codes which are offered by the exclusive marketing agent, and twenty-four (24) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 11) Tabled Item: Close Outs (tabled from 4/20/05, Item B-5):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and approve the Sterling floor stock adjustment close-out pricing, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report presented.

IV. CHAIRMAN’S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated April 21 through April 27, 2005. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of May 2005. The motion was unanimously adopted.

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3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

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